"Tail of the Mail" Discussion

Barry Walsh, USPS, reviewed a handout (a copy has been posted on the workgroup web site) showing First-Class Mail (FCM) quarterly service performance scores for 3-4 years (FY 2004-2007). He noted that the scores show that there is not a significant non-delivery or mis-delivery problem with FCM. The scores also do not reflect significant changes over the period measured (FY 2004 Quarter 1 through FY 2007 Quarter) for overnight service performance (close to 95% over that period). In looking at the 2-day and 3-day scores, Mr. Walsh noted that there has been some improvement.

In terms of seasonality, Mr. Walsh noted trends that become more apparent at the 3-day service performance level because the further the distance the mail must travel, the more potential weather and transportation factors there are. At what point does all the FCM get delivered and the "tail of the mail" become insignificant? He noted that varies depending on whether you are looking at overnight, 2-day or 3-day performance. Looking at overnight, the scores are 98.x fairly consistently. With the 2-day performance, the service scores also are around 98.x%. In looking at the 3-day, the pattern to get to 98.x% is an additional 3 days. The farther out you look, the longer it takes to get to 98-99% – roughly double the service standard (e.g., 2-day takes 4 days, 3-day takes 6 days, etc.). He cautioned that trying to look at individual numbers would be a fruitless exercise because of random variations.

In response to questions about FCM where performance exceeds the service standard, Mr. Walsh noted that for FCM going from Washington DC to Los Angeles, for instance, there are lots of planes and a time difference that favors exceeding the standards, so occasionally that mail achieves overnight delivery, but not very often. He said he would not ascribe any significance or consistency to the scores of FCM that exceed the service standard, but noted that the USPS delivers all FCM that is available. Jim Hess, USPS, noted that some origin-destination pairs are not equal, so the standard could be overnight in one direction but 2-day for the other direction between that pair.

Dan Emens, Chase, asked if there are any regional indicators for tail of the mail, and Chris Oronzio, USPS (subgroup co-chair), said that the percentage of mail that does not get delivered within 3 days is so small that there are no consistent patterns. If mail misses a connection or goes to the wrong place, delays occur, but those are moving targets. Mr. Oronzio noted that the non-contiguous United States would be areas where there might be consistent instances of FCM not meeting the existing standards. Kathy Siviter, PostCom, (full workgroup industry co-chair) asked if the USPS had any data that would break out the percent of tail of the mail that occurs to/from the non-contiguous United States versus other geographic areas. Mr. Oronzio responded that EXFC does not provide enough data, but the USPS as part of its Standards Review will be looking at service and volumes to the non-contiguous United States.

Shelley Dreifuss, OCA, asked if some of the pieces represented in the tail of the mail scores could be mis-deliveries, and Mr. Oronzio responded that all EXFC pieces use correct addresses but there are other reasons the mail could be mis-sent (e.g., machine processing issues such as double feeds, etc.). Mis-delivery, which occurs at the delivery unit, should be corrected the same day, unless the customer throws the mail back in the system with no markings on it, etc.

Jim Callow, OCA, asked if the USPS has been able to determine main causes for tail of the mail, such as machine-related, transportation, weather, etc. Mr. Walsh said that there is not much volume in the tail of the mail from EXFC sampling, and there are a wide variety of reasons. Mr. Oronzio said that postal managers get reports on the tail of the

mail and make significant effort to resolve those issues, but there often is not enough data to pinpoint the problems. Mr. Walsh noted that on the 3-day scores, there has been some improvement over the years. There used to be problems with airlines putting mail on, but USPS logistics has worked hard on that issue and it largely has been corrected. Unless systemic causes can be identified, he said, it is hard to pinpoint problems and correct them.

E. C. Nix, DST Output, noted that the EXFC scores represent service for "perfect" mailpieces, so there are many variables not represented by these scores. He suggested that the numbers in the original DST Output proposal for targeting tail of the mail would still be reasonable, with the exception of the 3-day which he suggested could be extended to 5-6 days. The best way to obtain service performance with tail of the mail, he suggested, would be to look at data for 3-digit ZIP Code pairs and find those that consistently do not meet the service standards, then target improvements. EXFC does not provide enough data to identify those pairs, but Intelligent Mail measurement should do so. Mr. Walsh said that when EXFC data suggests an issue with a 3-digit ZIP pair, the USPS will seed that pair or seed mail at delivery units to help identify and resolve the problems.

Bill McComb, Netflix, said that 3-day service performance is not a concern for his business. They are concerned about overnight, and the proposal on the table is fine for that. There are numerous issues with tail of the mail, he noted, and said his personal feelings are that the largest contributor to that tail is missorts of machinable mail caused by other pieces of mail in the system.

The following matrix for service performance goals for tail of the mail is proposed:

Service Standard	Overnight	2 Days	3 Days	4 Days	5 Days	6 Days
Overnight	95%	98%	99%			
2-Day	0%	93%	97%	99%		
3-Day	0%	0%	90%	96%	97%	99%

The group agreed that both industry and the USPS should review the proposal. The USPS needs to evaluate whether the targets are reasonable and achievable as of December 2007 when updated service standards are slated to take effect under the new law. If there are significant costs associated with the USPS achieving the above targets, the USPS should come back to the subgroup with that information for further discussion.

Mr. Walsh said that the USPS does not want measurement systems that do not lead to improvement – that would be a waste of money. The objective must be to improve, not just measure. When asked if EXFC has met that objective, the USPS said it has helped it make improvements, but lacks the granularity and volume of data to identify specific issues with 3-digit pairs in many instances. Tim Gribben, USPS Intelligent Mail, said that Planet code data provides the USPS with diagnostics it can not get from EXFC, and allows the USPS to identify patterns and specific problems. The census-type volumes of Intelligent Mail scan data can provide much more granularity than EXFC volumes and data.

Jeff Lewis, USPS (full workgroup co-chair), noted that much EXFC mail also has Planet codes, and the USPS is seeing the benefits of an Intelligent Mail measurement process. With Surface Visibility, the USPS will be able to tell if

mail is going on the wrong trucks or offloaded at the wrong facility – which could be the difference in those couple of percentage points and tail of the mail issues, he suggested.   External performance measurement systems likely will not help address these issues, he suggested, because they will lack in-process and in-transit scans that would allow the USPS to identify and resolve those issues.

USPS Standards Review

Ms. Siviter reminded the subgroup that the USPS is in the process of conducting an internal review of its existing service standards. As part of that process, the USPS has accelerated its Planet Code/Intelligent Mail Barcode seeding to obtain plant-to-plant performance data.   The USPS has said it also would be interested in any service performance data that industry participants could provide.

Jody Berenblatt, Bank of America (subgroup co-chair), noted that for years mailers have tried to share service performance measurement data with the Postal Service, only to have the accuracy and quality of their data questioned, or the USPS to argue with the service issues identified from that data. Why should industry participants engage in this kind of non-constructive dialog again, she asked.   Ms. Siviter said that each company must make its own decisions on whether it wants to share its service performance data with the USPS, but she encouraged companies to try, even if they have had bad experience in the past with doing so.   The USPS group currently engaged in conducting the standards review is not one which has responded negatively to industry data in the past, she noted, and the USPS appears to be open to looking at the data.   If anyone is met with a negative response, Ms. Siviter requested that she be contacted directly.

Subgroup participants interested in sharing their service performance data with the USPS should contact Jody Berenblatt or Chris Oronzio to express their interest and advise as to what type of data they have available and for what time period.   An e-mail will be sent to the full workgroup with instructions on how to proceed, and data will only be submitted directly to the USPS so that confidentiality is maintained.

The USPS expects to have preliminary results from the first phase of its standards review around mid- to late June. In the first phase, the USPS is evaluating the existing standards, by product, against existing business rules for transportation, network, etc.   The USPS then will be looking at existing service performance against the existing standards.   If the USPS decides that the existing standards are not reasonable in some cases, it may come back to the workgroup with a proposal to "tweak" some of the standards. The discussion will include the rationale for changing the standard as well as any cost implications to not doing so, so that the workgroup can discuss the proposal and make recommendations appropriately.

Mr. Lewis noted that the Seamless Acceptance pilot the USPS has been conducting with FCM letters has returned data that the USPS did not expect and is still working to analyze. Internally there has been some resistance to the data, he noted, and the USPS is learning things about its previous assumptions that may make it more receptive to the argument that bulk-entered FCM performance is not the same as that of Single Piece FCM.

Accuracy of Delivery

Vanessa Martin, USPS, gave the subgroup a report on the Postal Service's Accuracy of Delivery Indicator (ADI) study, which is conducted by IBM and assesses quality for misdelivered or damaged mailpieces. The ADI study mail is

real mail, not EXFC test pieces, she noted, but uses the same EXFC trained reporters, who look at the ordinary mail they receive every day and report on condition of pieces and whether or not they are mis-delivered.

The ADI study uses four categories to collect data on mis-delivered mail, Ms. Martin noted:
- -Category A: Name is incorrect and uses "or current resident"
- -Category B: Name is incorrect, street number is incorrect, ZIP is correct
- -Category C: Name is incorrect, street name incorrect, ZIP is correct, street number is correct (e.g. 23 Main Road vs 23 Main St)
- -Category D: Name is incorrect, 5d ZIP is incorrect, so mis-sent to that post office

Ms. Martin reported that the mis-delivered mail rate for Quarter 2 FY 2007 was 0.23%. If you take out Category A (which is not really mis-delivered mail), then the rate becomes 0.18%.   By category for that period, the results were: Category A – 0.05%; Category B – 0.10%; Category C – 0.07%; and Category D – 0.01%. The ADI study includes all classes of mail received by the reporter, and the reports are year-round although they are administered in cycles so as not to overwhelm reporters. The number of total pieces surveyed in Quarter 2 was 617,000, which represents the total number of pieces received by those reporters (live mail), spread out across the country.   The reporters also report on damaged pieces, and Ms. Martin said she will provide that data as a follow-up.

Ms. Martin reported that the mis-delivery rate as reported through the ADI study for the past 4 years was: FY 2007 YTD – 0.23%; FY 2006 – 0.23%; FY 2005 – 0.21%; and FY 2004 – 0.25%.

In response to questions, Ms. Martin said the USPS has compared rural carrier and city carrier environments in the past and the mis-delivery rates are fairly consistent.   The study includes addresses that are Post Office boxes, business and residential.

Ms. Dreifuss said that the mis-delivery scores Ms. Martin reported are very respectable, but she and others recall much higher numbers being reported at an MTAC meeting in the past year or so.   Ms. Martin said she did not know where that information could have come from, and suggested there may be some misunderstanding since the USPS uses the ADI study to monitor mis-delivery, so any statistics would have come from that.

Ms. Berenblatt noted that external seed reporting services such as Hauser or U. S. Monitor hired reporters in the past to report on mail delivery. Those reporters tended to be consistent and industry came to the conclusion that the USPS carrier was aware of who the reporters were and made a different effort to ensure that mis-delivery was kept at a minimum for those addresses.   Intelligent Mail measurement systems would get around that possibility, she noted, but it may not be worth attempting to validate the scores at this time since the numbers are so low.

Survey Review

Mr. Gribben gave an update on the efforts of the survey review team which has met by telecon to discuss development of a survey to determine consumer and small business perceptions of service standards, CETs, etc. He noted that the efforts of this subgroup in helping draft a survey are much appreciated.

The group on its most recent telecon discussed the purpose of the survey and concluded that it should be targeted to small businesses versus consumers in terms of this MTAC workgroup's efforts. A follow-up telecon is scheduled for May 22, to discuss how best to survey the SOHO market.

Mr. Gribben reported that following the initial telecon, the draft survey was sent to Greg Whiteman, USPS Manager, Marketing Research, and Bob Michelson, USPS. They will join the next telecon and reported they have much quantitative data on definitions of local versus 2-day or 3-day trading areas. They will share those results and also some aspects of the Mail Moment survey that may pertain to these discussions. Ms. Berenblatt suggested that any data they could distribute in advance of the telecon on May 22 would be appreciated.

John Sexton, PSI Group, said that industry's preference would be to help get the survey out to the right folks and facilitate how the data is collected. Mr. Gribben said that Mr. Michelson and Mr. Whiteman had asked what group we are trying to survey, and the assumption was small businesses.   Joel Thomas, National Association of Presort Mailers, said that in the presort world, some of the customers of NAPM's members would be small businesses. Ms. Berenblatt also said that her company's customer base would include SOHOs. Mr. Gribben said he is not sure if the USPS has a list of small businesses for purposes of sending out the surveys.   Mr. Callow again suggested that the USPS explore the Caravan survey, which uses a company that is either pre-selected or has a universe of recipients (of which 10-15% were SOHO/small business). The benefits of using the Caravan survey were that it was fairly quick and inexpensive. It surveyed around 1,000-1,200 people, Mr. Callow thought.

Ms. Berenblatt asked if the survey that had been drafted by the subgroup was appropriate for the commercial segment and Mr. Gribben said that Mr. Michelson and Mr. Whiteman had said the survey was too long, would have a high abandonment rate because of its design and the mixture of questions. They said the way the pricing questions were crafted was also not appropriate because it would lead the respondent.   The group acknowledged that the draft was an informal effort, not accomplished by survey design professionals.   Mr. Gribben said that Mr. Whiteman and Mr. Michelson felt they already have meaningful data on the SOHO side and that there may be no need to do additional surveys at all.

Ms. Berenblatt suggested that if the subgroup is comfortable with the existing data, could it then be summarized in order to enable PSI and others to communicate that summary to their customers and ask them for agreement/disagreement, so that they are involved in the process. The members of this subgroup admittedly do not represent the industry in its entirety, she stressed, and although we may have a sense of their experiences, it would be better to have their participation to the extent practical.

Non-Contiguous United States

Ms. Siviter noted the Confirm data provided by GrayHair Software which was distributed at the May 15 full workgroup meeting, which breaks out destinating service to Hawaii, Guam, Puerto Rico and Alaska by FCM letters, Standard Mail letters and Standard Mail flats.   The data represents about 100 million scans, she noted, which is roughly 33 million pieces.   The data clearly shows that during the first three months of calendar year 2007, the USPS never met the 3-day standards for any of these areas. Some came closer than others (a copy of the handout has been posted to the workgroup web site).

Mr. Oronzio noted that the USPS may have the same service standards for the non-contiguous U. S. Locations, but it does not measure its performance for those locations in the same way.   For example, he noted, Puerto Rico is part of the New York Metro Area, but the target for service performance to/from Puerto Rico is a few percentage points lower than that for other 3-day service areas in the New York Metro Area. He said it is still a challenging target for the USPS in that Area, however, and they do maintain the target. In response to questions, he said that the Caribbean is the only non-contiguous U.S. location with a lower target than other 3-day service areas.

Mr. Oronzio further noted that the logistics are different within each geographic non-contiguous U. S. area as well. For instance, the mainland of Hawaii is different than the outlying islands in terms of logistics. Mr. Thomas suggested that probably half the mail volume destined for Alaska goes to Anchorage and half of what is destined to Hawaii goes to Honolulu.

Mr. McComb noted that Netflix has locations in Alaska with overnight committed service by 5-digit ZIP because of the way the ZIPs are allocated there. There are certain 5-digit ZIPs in the 995 and 996 ZIP areas that are overnight from Anchorage, the rest is 3-day. He said that in some cases 3 days may be too tight and the USPS may want to consider 4 days for those areas. He reported that Netflix also has an operation in Honolulu which serves a set of customers in Guam and 3-day service there is fairly consistent. Netflix services Puerto Rico out of its Newark facility, and the service standard is 3-day but the USPS never achieves that, he noted, although he remarked there may be more theft problems there than service problems. Three days should be more than adequate because there are plenty of flights, he said. Service to the Virgin Islands from Puerto Rico is more of a concern, but service at 3 days from the mainland should be very doable, he suggested.

Pam Kalvaitis, Allstate, said that the USPS changing the existing service standards for Alaska or Hawaii would impact her company significantly because if the standard is changed to 4-5 days, then service likely would slip to 9 days or worse, which is unacceptable. Mr. Oronzio stressed that the USPS would not change the existing service standards in order to delay service even more – it would be to try and reflect realistic time frames to achieve the standard consistently. He cautioned that maintaining the existing standards for some non-contiguous U. S. areas could cause the USPS to add costs to its system in order to achieve those standards consistently.

Mr. Oronzio said the USPS is not just going to change the existing standards for non-contiguous U.S. areas without analyzing the existing logistics and transportation network and realistically looking at the feasibility of achieving the existing standards. The USPS does not want to allow for poor management, but can't change the logistical physics of getting mail from point A to point B.

Mr. Thomas stressed that the group should attempt to put some volume numbers around the percent of mail going to/from the non-contiguous U.S. If achieving the existing standards would add costs, those costs would be shared by all users of First-Class Mail, he cautioned. Ms. Siviter will ask GrayHair Software if they can share any volume data for those areas to help put it in perspective.

The USPS stressed that even with 3-digit to 3-digit service standards, the standards are an average and there are remote locations in a ZIP area that may not get that service, which is why the target at 3-day is a lower percent.

Ms. Berenblatt asked Ms. Kalvaitis if Allstate has any service performance data for non-contiguous U. S. areas, and she responded that Allstate does quarterly measurements by providing Business Reply Mail cards in packages and asking customers to provide feedback on the day they received the package. She reported roughly a 20% response rate. Allstate did some tests with Confirm a few years ago, she noted, and are looking into that for the future. She said Allstate has more concerns about service for Hawaii than for Alaska.

Mr. Oronzio suggested that the subgroup consider two questions: 1) should non-contiguous U.S. locations have different service standards than today; and 2) should the service standards be different for each non-contiguous U.S. location?

Mr. Nix said his company would rather tell clients that the USPS' goal is 4 days and service becomes more consistent to that goal, than to tell them 3 days when it really is 5. Ms. Kalvaitis said her company builds processes around the standards and does not want to see them relaxed if that will mean performance relaxes, but if 4 days is what is realistically achievable, then that is understandable.

Seasonality

Mr. Oronzio discussed a handout showing USPS RPW (Revenue, Pieces and Weights) data for a ten-year period (by fiscal year quarter) for First-Class Mail volumes. Volumes on the line graph are separated by Single Piece, Presort, and total. In looking at the total FCM volume line, he noted, the peaks have leveled out and volumes are becoming more consistent over quarterly periods over the last 3 years.   Looking at Single Piece and Presort, however, and you can see the catalyst. Both have flattened out their volume peaks, but the decline in volume is more in Single Piece, with some corresponding increase in Presort.   He concluded that FCM volume peaks no longer are the issue they once were.

The subgroup asked for calendar definitions of the quarters shown on the handout. Mr. Oronzio noted that Quarter 4 ends Sept. 30 and Quarter 1 begins October 1, but said he would provide the range of dates for each quarter.

Ms. Siviter asked the subgroup if industry wants seasonality factored into its FCM service standards. If not, there is no point in pursuing the discussion. Mr. Oronzio said the handout was as a follow-up to an earlier action item that still was pending.

Some subgroup members felt the data did not look right, but agreed that absent a desire for seasonality to be reflected in the service standards, there was no need to bog down this group with reviewing the data. It was suggested that Rafe Morrissey, Greeting Card Association, briefly review the data to see if the greeting card industry had any concerns around seasonality and, barring none, remove seasonality from the service standards discussion.

Nonmachinable FCM

Mr. Oronzio reported on another action item from earlier meetings – the question of whether there should be different FCM service standards for nonmachinable mail. He suggested that the USPS RPW data shows that approximately 2 percent of FCM was non-automation for Quarter 2 FY 2007.   Ms. Siviter stressed that quantifying the non-machinable mailstream by product would be an important discussion in terms of service performance measurement, but asked whether industry wanted different service standards for non-machinable FCM.   The subgroup agreed that it does not want different service standards for non-machinable mail.

Ms. Siviter noted that it is very hard to determine what percent of Single Piece FCM is non-machinable, and cautioned that non-automation rate mail is not the same as mail that must be manually processed.   There is a need to get some break-outs of volume by product in terms of non-machinable mail because that is the portion of that mailstream for which Intelligent Mail may not offer a viable measurement solution, she noted.

Matt Robinson, PRC, noted that Non-Automation rate does not necessarily mean non-machinable, it means there is no customer-applied barcode, but the USPS applies barcodes to most of these pieces and processes them on automated equipment.   He referred to an analysis the PRC did as part of the R2006-1 Reconsideration Request on the nonmachinable surcharge. He will send a link to that information.

Mr. Lewis stressed that regardless of whether there are different service standards for the non-machinable mailstream, it will still need to be measured in terms of service performance. If it is not measured in-process, a sample-based process may need to be developed, which could be very expensive. The question in evaluating these mailstreams with high measurement costs would be whether the measurement methodology needs to be as rigorous and granular as measurements for high volume mailstreams, he suggested.   In order to be valid at the 3-digit level on a quarterly basis, Mr. Lewis said, measuring these non-machinable mailstreams would be incredibly expensive so if there is little volume there, the workgroup might pursue a different measurement recommendation.

Mr. Callow suggested that it would not be responsible to say not to measure the non-machinable mailstreams. He cautioned that he does not want to predict what the PRC might do, but if 3-digit level data is too costly and there is willingness to accept national data on an annual basis, the PRC might accept that as a reasonable trade-off if it is for a very small volume mailstream.   Ms. Berenblatt commented that Six Sigma embraces ways to measure small volumes in a cost effective manner.   Mr. Oronzio suggested that at some point the subgroup needs to identify overarching principles for developing sample sizes and methodologies for measurement for small volume mailstreams where the data would be valid and representative over a period of time.

Mr. Morrissey will obtain some feedback from the greeting card industry, since it might represent a significant segment of non-machinable mail due to aspect ratio. He will attempt to obtain some feedback on how much greeting card volume is machine-processed.

Special Services

The subgroup briefly discussed Special Services and agreed to take up the discussion at its June 12 meeting. Mr. Callow noted that he drafted service standards for Delivery Confirmation as part of the Packages Subgroup and suggested someone could use that model (a copy of which has been posted on the workgroup web site) to draft a proposal for Signature Confirmation.   Pam Kalvaitis, Allstate, and E. C. Nix, DST Output, agreed to work on drafting a Signature Confirmation proposal for review at the June 12 meeting.   Jim Callow, OCA, agreed to draft a proposal for Post Office Box service standards.   Ms. Siviter is working on setting up a separate telecon on Confirm service standards and will circulate a draft proposal prior to the telecon.

Service Performance Measurement

The group kicked off a discussion of service performance measurement by having each attendee respond to the question of their business needs for service measurement. The following responses are re-capped:

E. C. Nix, DST Output, said his company will use Intelligent Mail barcodes on every piece and use Confirm service even if the client is not paying for it (if the client wants it, they will charge them for it). DST Output feels that Confirm provides service performance measurement at a reasonable cost. As part of that, DST wants service performance data so that it can discuss service issues with the USPS and that conversation does not consist of arguing about data. The USPS and industry need to be looking at the same data so there is no disagreement. Performance data at the 3-digit ZIP area is acceptable. DST feels there is value in having access to aggregate data across the country n terms of identifying potential expansion or opportunities to improve services for clients. Being able to monitor service issues by geographic area also is desirable, he noted, because DST could advise clients to factor in additional delivery time as needed.   Aggregate data has value from a customer service perspective, Mr. Nix noted, which is good for the USPS in terms of customer service.

Dan Emens, Chase, suggested that access to aggregate data should not cost mailers because the USPS will have to collect, analyze and aggregate data to meet the requirements under the law. Access to data should be available in real time. Access to granular level of data on one company's mail should be through participation in services such as Confirm, but his company would want to look at a broader scale aggregation by company type or mail type because it is helpful to understand what's happening more broadly across the network. The USPS will need to do some aggregation of data and report on some frequency to meet the requirements of the law, but mailers will want access to that data on a daily basis. He said his company would like to see notations from the USPS on service issues they are seeing as notations to the measurement data. For instance, if the USPS knows a weather incident factored into service issues, having that information available as part of the service measurement reporting detail would be helpful.

Rafe Morrissey, Greeting Card Association, agreed that all mailstreams need to be measured, but said his group is sensitive to the fact that some mail is beyond the scope of Intelligent Mail and may need to be measured at a different frequency or with less granularity so that the measurement is not unduly costly but satisfies the needs on a consumer level, perhaps reported annually. There also should be considerations for non-machinable consumer pieces in terms of measurement, he suggested, for groups like e-Bay purchasers who may need delivery service expectations. For greeting cards, he noted, it would be helpful to have a sense of how cards are performing within Automation size standards and not, so that information can be reported to customers, but that process should be as efficient as possible and not costly. He said his constituency likely would not need the reporting frequency or data access that others need. They would be interested in having service performance data broken out by machinable, non-machinable, and Single Piece First-Class Mail.

Bill McComb, Netflix, said that using Confirm and Intelligent Mail Barcodes provides his company its own measurement tool to be used as they want. It is the USPS' data, so it can't be argued with, so then it becomes a matter of how to resolve service issues. The Confirm data level and frequency can get companies like Netflix measurement data at the 5-digit level and for delivery point sequencing, and provides a powerful tool to diagnose theft and loss issues, which may not be as critical for other business models. In terms of overall aggregate measurement, the system needs to not be cumbersome but keep everyone honest, so every variation should be measured (non-machinable, Special Services, flats, letters, parcels, etc.) so we know whether those systems are working well or not and have some type of oversight. His company has no need for aggregate data by groups of mail.

Pam Kalvaitis, Allstate, said her company is looking at moving to Intelligent Mail Barcodes and Confirm service so it can investigate specific service situations. In the past, they have complained about EXFC not measuring FCM business mail, but those types of reports are good to have when people ask if the USPS is meeting its standard in a specific geographic region. There would be value, therefore, in aggregate reports to evaluate geographic service trends. It could be too laborious to compile monthly reports, but quarterly may be sufficient for her company's needs.

Laine Ropson, Ropson & Associates, agreed that there should be individual company reporting that is paid for through services like Confirm, but said there should also be aggregate reports. Quarterly reporting is not adequate, she said, particularly if it takes a month to see the results. She suggested that weekly or real time reporting or data access would be desirable. Companies need to see now what is happening in South Caroline, etc. not want until the end of a quarter to find out what happened. An important part of measurement, for industry and the USPS, is to be able to see service issues happening now, not in retrospect.

Jim Prevost, Prevost Enterprises, agreed with previous comments and noted that the USPS has done work with Intelligent Mail initiatives to track and measure some Special Services.

Joel Thomas, NAPM, suggested that whatever measurement is performed by the USPS will come at some cost and mailers will pay for it one way or another. He said that measurement should be prioritized, not attempt to move to a full blown system at the start. Starting with measuring large volumes through Intelligent Mail Barcode scans and working down to smaller volume mailstreams in the long terms should be the focus. The USPS offers the ability for individual companies to measure their own mail service performance through services like Confirm, he noted, where lots of data and granularity are available, but in terms of aggregate data for overall measurement, we don't want to die in mountains of data. What has to be collected and reported, versus what companies can collect on their own? Third parties may have tons of data available for reporting outside the USPS, so perhaps there are other options besides the USPS producing it all. He suggested that industry should collect and report some data itself versus having the USPS disclose it.

Ken Richardson, OCA, said that the new law defaults to external measurement systems unless the PRC grants the USPS permission to use internal systems. There is no reason to believe the PRC would object, he noted, but to the extent such solutions are new, untried or not comprehensive, the PRC may demand external measurement solutions that could cost more. Those solutions might take some time to identify, develop and put in place. Intelligent Mail offers much promise and covers a lot of the mailstream, but not all, he cautioned. There are gaps we have not yet discussed and it is not clear what they are but the PRC likely will want to fill those gaps in some way at some point.

Jeff Lewis, USPS, said the subgroup participants should consider that granularity of data some have said they want is very unlikely to be available if the USPS must contract externally for service performance measurement. The level of detail can drive costs. Richer data granularity would be available if internal Intelligent Mail measurement systems are used, and that would be more useful in terms of adding value to mail and growing the business.

Bob Sheehan, Mailroom Holding Inc., agreed that there is an obligation to measure all mailstream segments, but in the best interests of getting something off the ground, measurement should start with the large segments. He cautioned that everything has a price tag, and suggested that industry temper its measurement needs. Does better data lead to better performance? He expressed concerns about privacy issues with performance data being shared in aggregate form, and cautioned that individual company data could not be shared.

Barry Walsh, USPS, said that the neither the USPS or industry is interested in measurement data that is not actionable. We need to drive improvements. External measurement systems may have some virtue, but some things they lack, such as the ability to be representative of an endless variety of mail types. Data from external systems can be expensive and is not timely. Granular detail of data is needed, he said, noting that the USPS has spent a great deal of money on EXFC and the data is barely actionable.

Other Issues

The subgroup briefly discussed the following issues:

- **EXFC vs. Intelligent Mail.** The subgroup briefly discussed whether Intelligent Mail should replace portions of the EXFC system. Ms. Berenblatt suggested that discussion items be tabled for the next meeting. Mr. Lewis said that the USPS is exploring such ideas but said it is unlikely that Intelligent Mail Barcodes would be used on single piece First-Class collection box mail. The USPS is considering a transition to a more Intelligent Mail based measurement system, but has not yet figured out how to measure the collection box piece.

The USPS likely would continue some part of EXFC because of the IBM brand on the data, he suggested, because there is value in having that external benchmark.   Ms. Berenblatt said the USPS should explore providing barcodes in vending and stamp venues for individuals to apply to collection box mail. Mr. Lewis said that is being considered, but there can be a gap between when people buy stamps and when they use them, so there are "start the clock" challenges.

- **Actionable Data.** The subgroup discussed what makes the USPS accountable in terms of responding to individual mailers about service performance issues. Mailers want issues resolved, not just a complaint process.   What data is actionable for the USPS to resolve service issues? Is there a definition of "actionable data?"   Ms. Siviter noted that a previous MTAC workgroup on service had compiled a list of actionable data elements with input from USPS operations managers on the group. She will distribute a copy to the subgroup for review prior to the next meeting.

- **Service Issue Resolution Process.** There is interest in discussing a formal service issue resolution process that the USPS and mailers should follow when service standards are not met.

- **ADVANCE Presentation.** The subgroup asked about the USPS presentation on the ADVANCE service performance measurement service that recently was given to the Standard Mail subgroup. There may be some interest in having a similar presentation for the FCM subgroup at a future meeting. Ms. Siviter noted that a copy of the presentation is posted on the workgroup web site in the Standard Mail subgroup area. FCM subgroup participants should review the presentation and will decide at the next meeting whether a presentation should be scheduled for a future meeting.

- **International Mail.** Ms. Berenblatt reported that the issue of International Mail service standards and measurement is being discussed outside the workgroup and a separate telecon will be scheduled to include appropriate participants, including the USPS, interested workgroup members, the State Dept., etc. Mr. Oronzio will coordinate setting up the telecon and involving the appropriate representatives.

Action Items

The following action items are noted from today's meeting **(action items in bold represent items still pending from earlier meetings):**

1. **Task Owner:**   *Jeff Lewis/Chris Oronzio, USPS*

    a.   The USPS will discuss internally and give further consideration to the proposed "tail" of the mail service standards matrix.

    b.   **The USPS agreed to discuss the issue of forwards/returns further internally and come back to the subgroup with its thoughts on service standards for this mail.**

    c.   **Mr. Lewis will follow-up on whether the existing international mail measurement system is sufficient to meet the requirements of the new law.**

      d.   **The USPS will follow-up on identifying the existing service standards (effective May 14, 2007) for international mail.**

      e.   **Mr. Oronzio will follow-up on an update at the next subgroup meeting on the CET effort and time line.**

      f.   Mr. Oronzio will coordinate setting up a separate telecon to discuss International Mail service standards, to include appropriate participants (the USPS, interested workgroup members, the State Dept., etc.).

2.   **Task Owner:** *Joel Thomas, NAPM*

      a.   **Joel Thomas agreed to obtain and distribute to the subgroup the pertinent data from the PRC N89-1 case concerning FCM service standards business rules and development processes.**

3.   **Task Owner:** *USPS*

      a.   **The USPS agreed to perform some data analysis and review on service performance to/from areas outside the contiguous United States, such as Alaska, Hawaii, Guam and Puerto Rico, in an effort to quantify the percent of time it meets a 3-day service standards to/from those 3-digit ZIP Code areas.**

      b.   **The group asked the USPS what percent of FCM is nonmachinable, by processing category (letters/flats/parcels). The USPS will get that data for the next meeting.**

      c.   Vanessa Martin, USPS, will provide ADI study data on damaged mail.

4.   **Task Owner:** *Industry Subgroup Participants*

      a.   Industry participants will review the proposed tail of the mail matrix and provide feedback at the next meeting as to whether the proposed targets would meet their business needs in terms of reducing the tail of the mail in FCM.

      b.   Industry participants interested in providing the USPS with their service performance data should contact the subgroup co-chairs to coordinate providing the data directly to the USPS for its use in its Standards Review process.

      c.   Kathy Siviter will request volume data for the non-contiguous United States areas from GrayHair Software, for the same period as their prior data on this issue.

      d.   Rafe Morrissey, Greeting Card Association, will consider the issue of seasonality relative to service standards, and provide feedback at the next meeting as to whether the greeting card industry has any concerns around seasonality.

    e.   Pam Kalvaitis, Allstate, and E. C. Nix, DST Output, will draft a Signature Confirmation service standards proposal for review at the June 12 meeting.

    f.   Jim Callow, OCA, will draft a proposal for Post Office Box service standards for review at the June 12 meeting.

    g.   Kathy Siviter will set up a separate telecon on Confirm service standards and will circulate a draft proposal prior to the telecon.

    h.   Kathy Siviter will circulate a copy of a list of actionable data elements identified by USPS participants on a previous MTAC workgroup looking at service performance.

5.   **Task Owner:** *Postal Regulatory Commission*

    a.   Matt Robinson, PRC, will provide the link to access an analysis the PRC did as part of the R2006-1 Reconsideration Request on the nonmachinable surcharge, which quantifies nonmachinable FCM letters.

Next Meeting

The FCM subgroup will hold its next meeting on Tuesday, June 12, from 9:00 a.m. - 3:00 p.m. at USPS Headquarters (the day before the next full Workgroup meeting). The next meeting of the Full Workgroup will be on Wednesday, June 13, from 10:00 a.m. to 3:00 p.m.

The group agreed that future meetings will run from 9:00 a.m. to 3:00 p.m. and offered a list of tentative dates for future meetings as follows:

June 26	Continue Measurement discussion
July 10	Finalize Measurement recommendation
July 24	Continue final recommendations
Aug 14	Finalize recommendations